



"We believe that, when armed with appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual and cultural wellbeing of their communities."

Indian Affairs Committee
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University of New Mexico, Gallup Branch

Consumer Protections for Native American Taxpayers

Presenters:

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Key Facts:

- In 2009, 52% of all tax filers in New Mexico used a paid preparer to file their returns.
- 62% of all filers claiming the Earned Income Credit used a paid preparer.
- First Nations Development Institute has conducted a two year study of paid tax preparers who primarily target low income Native American populations throughout the state.

Key Findings:

- *Tax Time Troubles: Mystery Shopper Testing* reveals excessive fees, lack of disclosure, incompetence, failure to safeguard critical personal data, and aggressive push marketing of high cost bank products and refund anticipation loan by tax preparation businesses.
- In Gallup a taxpayer was charged \$1,318 to file her taxes and received three loans against her refund that totaled \$4,500. The loans were illegally advertised using a Monthly Percentage Rate rather than the required Annual Percentage Rate. A final loan was even extended four days after the business had received the taxpayer's refund via direct deposit from the IRS. Birth certificates and social security cards were "held hostage" as collateral.

Policy Recommendations:

- **Full disclosure of fees associated with tax preparation**
- **Standardized disclosure related to bank products and refund anticipation loans**
- **Research and regulate small loan industry in New Mexico**
- **Improved training for paid tax preparers**
- **Continue to provide resources to Volunteer Income Tax Assistance (VITA) programs**

For More Information Contact:

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